

Little Theatre of Shreveport

Shreveport, Louisiana
June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/26/09

Little Theatre of Shreveport

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Little Theatre of Shreveport

**Statement of Assets and Net Assets - Modified Cash Basis
June 30, 2009**

Assets	
Cash and cash equivalents	\$ 699,813
Investments	52,942
Construction in progress	<u>185,458</u>
Total assets	\$ <u>938,213</u>
Net assets	
Unrestricted	<u>\$ 938,213</u>
Total net assets	\$ <u>938,213</u>

See accompanying notes and accountant's review report.

Little Theatre of Shreveport

Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis for the Year Ended June 30, 2009

Revenue and other support	
Contributions	\$ 101,477
Grants - state	433,839
Grants - local and other	35,306
Ticket sales	103,330
Membership	25,241
Academy tuition and dues	15,036
Other	5,552
Total revenue and other support	<u>719,781</u>
Operating expenses	
Program expenses	
Salaries and other payroll costs	31,524
Contract labor	38,947
Advertising, marketing, and promotion	33,179
Production costs	42,636
Rent expense	20,000
Total program expenses	<u>166,286</u>
Management and general	
Accounting	1,015
Bank and credit card charges	3,256
Building and grounds maintenance	5,944
Depreciation expense	2,447
Fundraising costs	3,192
Insurance	9,767
Office supplies	3,357
Postage and delivery	1,512
Printing and reproduction	980
State sales taxes	4,285
Travel	2,125
Utilities	9,228
Other	5,584
Total management and general	<u>52,692</u>
Total operating expenses	<u>218,978</u>
Other Income and Expenses	
Casualty loss - fire	(761,846)
Insurance settlement	510,990
Interest income	2,309
Unrealized loss on investment	(1,886)
Total other income (expenses)	<u>(250,433)</u>
 Increase in net assets	 250,370
Net assets	
Beginning of year	<u>687,643</u>
End of year	<u><u>\$ 938,213</u></u>

See accompanying notes and accountant's review report.

Little Theatre of Shreveport

Notes to Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies

Nature of Activities – The Little Theatre of Shreveport ("SLT") is a nonprofit corporation under the laws of the State of Louisiana. SLT is one of the nation's oldest, continuously active community theatres. It is committed to producing a broad variety of quality, live theatre with predominantly volunteer participation from the community.

Basis of Accounting – The accompanying financial statements of SLT have been prepared on a modified cash basis, with the following exceptions:

- Investments are recorded at fair market value as described in Note 2.
- Buildings, furniture, and equipment are capitalized and depreciated as described in Note 3.

The modified cash basis of accounting differs from the generally accepted accounting principles primarily because SLT has not recognized contributions receivable, grants receivable, payables for salaries and wages, payroll taxes and other expenses, and deferred revenue for payments received for tickets for next year's season and their related effects on change in net assets.

Basis of Presentation – Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations," net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SLT and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may or will be met either by actions of the Organization and/or the passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenue and Other Support – Grants and other contributions of cash are reported as temporarily restricted support if they are received with stipulations that limit the use of the funds. When a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as "net assets released from restrictions." During the year ended June 30, 2009, the only restrictions placed on net assets were related to state and local grants. The revenue from the grants, whose restrictions were met in the same reporting period, was reported as unrestricted. As of June 30, 2009, all net assets are unrestricted.

Income Tax Status – SLT is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. SLT, therefore, is not subject to income taxes. However, income from certain activities not directly related to SLT's tax-exempt purpose is subject to taxation as unrelated business income. SLT had no such income for the year ended June 30, 2009.

Use of Estimates – The preparation of financial statements in accordance with the modified cash basis of accounting includes the use of management's estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents and Concentration of Credit Risk – SLT considers money market funds and short-term investments, with a maturity of less than three months from the acquisition date to be cash equivalents.

Cash and cash equivalents consist principally of demand deposits and money market funds at commercial banks. Cash deposits, as reflected in the banks' records, are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2009, SLT had \$24,832 in excess of FDIC coverage.

Investments – SLT carries its investment in stock with a readily determinable value in the Statement of Assets and Net Assets - Modified Cash Basis. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis.

Property and Equipment – Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. Renewals and improvements, which extend the economic life of such assets, are capitalized. Maintenance and repairs are charged to expense. For major dispositions, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Season Memberships – Season memberships received prior to the fiscal year in which performances will be held are recorded as revenue in the year cash is received under the modified cash method of accounting. At June 30, 2009, the amount of such season memberships totaled \$12,673.

Advertising Costs – The SLT uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. SLT's advertising costs for the year ended June 30, 2009, were \$33,179.

Economic Dependency – SLT receives the majority of its revenues from funds provided through various state and local grants. If significant budget cuts are made at the state or local level, the amount of funds SLT receives could be reduced significantly or have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds SLT will receive in the next fiscal year.

Note 2 Investments

In May 2006, SLT received an unrestricted donation of 860 shares of Johnson and Johnson stock. This stock was recorded at fair market value at the date the stock was donated. In May 2008, SLT purchased an additional 40 shares of stock. At June 30, 2009, the fair market value of the stock was \$52,942. An unrealized loss of \$1,886 was recorded at June 30, 2009.

Note 3 Property

During 2008, SLT started renovations to the existing theatre and construction to build a stage house behind the theatre. On November 18, 2008, welding equipment being used during the construction started a fire at 812 Margaret Place, Shreveport, Louisiana. SLT had a total loss of the existing building, contents, and construction in progress. After the fire, SLT started construction to rebuild.

Depreciation expense for the building was calculated through November 18, 2008. As of June 30, 2009, depreciation expense was \$2,447. At year end, SLT had construction in progress of \$185,458.

Note 4 Leases

SLT leased temporary office space for its box office at 300 Ockley, Shreveport, Louisiana, from an unrelated party for two years under a verbal agreement from February 1, 2009, to January 31, 2011, for \$20,000. The entire amount was prepaid in January 2009; however, since SLT uses a modified cash basis of accounting, the \$20,000 was recorded as rent expense for the year ended June 30, 2009.

SLT entered into a lease with the Woman's Department Club for the use of the building, equipment, and facilities for conducting its rehearsals and public performances for the 2009-2010 season. The lease was \$1,700 per production and there are five scheduled productions starting in September 2009 and ending in May 2010. The entire \$8,500 was prepaid in April; however, since SLT uses a modified cash basis of accounting, the entire amount was included in production costs for the year ended June 30, 2009.

Note 5 Donated Services

SLT receives donated services from a variety of unpaid volunteers and actors who assist in programs services during the year. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Note 6 State Grant

SLT entered into a Cooperative Endeavor Agreement on February 26, 2007, for a capital outlay allocation for planning and construction. This capital outlay appropriation was originally \$900,000 (state cash - \$350,000 and state non-cash line of credit - \$550,000). The agreement has been amended four times. The fourth amendment was signed in August 2008 with the total state funding totaling \$1,760,000 (state cash - \$1,300,000 and state non-cash line of credit - \$460,000). As of June 30, 2009, SLT had received five payments totaling \$400,373. This revenue is recorded as state grant revenue in the current year.

On November 19, 2008, the State of Louisiana, Division of Administration, Facility Planning Control ("DOA"), postponed additional funding until insurance matters related to the fire were resolved. On May 11, 2009, the DOA notified SLT that it had no objection to construction resuming. Subsequent to year end, on July 17, 2009, SLT received a payment of \$204,929 covering the sixth, seventh, and eighth requests for disbursement. The majority of these funds related to work performed in the year ended June 30, 2009. Since SLT uses a modified cash basis of accounting, grant revenue will be recorded in the year the funds were received.

Note 7 Casualty Loss - Fire

A casualty loss of \$761,846 was recorded as of June 30, 2009. This amount was calculated using the net book value of the building plus the construction in progress on the stage house as of the date of the fire, which was approximately \$555,000. The construction in progress costs will be claimed by Bonomo Builder's Insurance company. That insurance company will ultimately be paying to rebuild the portion of the building that was destroyed during the fire.

SLT received insurance payments of \$510,990 for the year ended June 30, 2009. Approximately \$507,000 of these insurance payments related to the building and property contents lost in the fire on November 18, 2008. At year end, there is over \$200,000 that has not been paid to SLT because the insurance company adjusted the initial payments for depreciation. This amount will be recoverable after invoices and receipts are provided to the insurance company. Since SLT uses a modified cash basis of accounting, the recoverable depreciation was not recorded as a receivable for the year ended June 30, 2009.

In addition to recoverable depreciation previously mentioned, SLT will receive business interruption reimbursement for the costs associated with operating the theatre while being displaced. The amount of the claim has not yet been determined.

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

Independent Accountant's Review Report

The Board of Members
Little Theatre of Shreveport
Shreveport, Louisiana

We have reviewed the accompanying statement of assets and net assets - modified cash basis of Little Theatre of Shreveport as of June 30, 2009, and the related statement of revenues, expenses, and changes in net assets - modified cash basis for the year then ended. All information included in these financial statements is the representation of the management of Little Theatre of Shreveport.

Our review was conducted in accordance with the *Statements on Standards for Accounting and Review Services* issued by the American Institute of Public Accountants and applicable standards of *Governmental Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of the Little Theatre of Shreveport's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 1, these financial statements were prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated August 21, 2009, on the results of our agreed-upon procedures.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
August 21, 2009

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

The Board of Members
Little Theatre of Shreveport
Shreveport, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Little Theatre of Shreveport ("SLT") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about SLT's compliance with certain laws and regulations during the year ended June 30, 2009, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

SLT did not receive any Federal awards for the year ending June 30, 2009. Below is a list of state and local grant/award expenditures for the fiscal year, by grant and grant year.

Award	Grant Year	Amount
State of Louisiana, Capital Outlay Appropriation, Act 27 of 2006	2006	\$400,373
Shreveport Regional Arts Council, La. Decentralized Arts Funding Program, 08-07-09-05	7/1/07-6/30/08	334
La. Office of Cultural Development, Division of the Arts, Stabilization Grant, FY08-115	7/1/07-6/30/08	3,000
La. Office of Cultural Development, Division of the Arts, Stabilization Grant, FY09-098	7/1/08-6/30/09	19,780
Shreveport Regional Arts Council, La. Decentralized Arts Funding Program, 09-09-09-15	7/1/08-6/30/09	4,928
Shreveport Regional Arts Council, La. Decentralized Arts Funding Program, 09-09-09-26	7/1/08-6/30/09	5,424
Total expenditures		\$433,839

2. We selected all five (5) disbursements from the State of Louisiana Capital Outlay Appropriation Award. For the other state and local awards, we randomly selected six (6) disbursements administered during the period under examination, provided that no more than 30 disbursements in total would be selected. If there were less than six disbursements related to a particular grant or award, all of the disbursements were selected.

3. For the items selected in procedure two, we traced the disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for the disbursements selected and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure two, we determined if the disbursements were properly coded to the correct fund and the general ledger account.

All payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure two, we determined if the disbursements received approval from proper authorities.

All payments were properly approved by the Managing Director and the President of the Board Directors.

6. For the items selected in procedure two, for state awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for state and local awards, we determined whether the disbursements comply with the grant agreement, relating to:

- Activities allowed or unallowed

We reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

- Eligibility

We reviewed the previously listed disbursements for eligibility requirements. When applicable, all disbursements complied with the eligibility requirements.

- Reporting

We reviewed the previously listed disbursements for reporting requirements. When applicable, all disbursements complied with the reporting requirements.

7. For the programs selected for testing in item (2) that were closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

The disbursements selected included four grants that were closed out during the period of our review. We compared the close-out/final reports for these grant programs with the entity's financial records. The amounts reported on the close-out/final reports agreed to the entity's financial statements.

Open Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

SLT is only required to post a notice of each meeting and the accompanying agenda on the door of the SLT box office. We examined email copies of two press releases sent to the local newspaper announcing its June 2009 meeting. We found no other evidence that the notice of each meeting and the accompanying agenda were posted or advertised for the year ended June 30, 2009. We did, however, observe evidence that management properly posted the notice and agenda for the August 2009 board meeting.

Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable state or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

SLT provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated use of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. We reviewed any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

This is the first year that SLT was required to have a Review Attestation with Agreed Upon Procedures; thus, there were no prior year suggestions, recommendations, or comments.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Little Theatre of Shreveport, the Legislative Auditor, State of Louisiana, and the applicable state grantor agencies, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
August 21, 2009

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)
August 18, 2009 (Date Transmitted)

Roberts, Cherry & Company
650 Olive Street
Shreveport, Louisiana 71104

(Auditors)

In connection with your review of our financial statements as of June 30, 2009 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 18, 2009.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes ☒ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

James W. Casanova Secretary 8-18-09 Date
Philip J. Smith Treasurer 8-18-09 Date
[Signature] President 8-18-09 Date